

EXHIBIT 1

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE EASTERN DISTRICT OF PENNSYLVANIA

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5 IN RE: PROCESSED EGG PRODUCTS: MDL NO. 2002
6 ANTITRUST LITIGATION 08-MDL-02002

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9 PHILADELPHIA, PA
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11 MAY 7, 2018
12 DAY FOUR

13 BEFORE: THE HONORABLE GENE E.K. PRATTER, J.

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16 TRIAL TRANSCRIPT
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1 Q. Mr. Airoso, did Walmart, to your knowledge, ever ask the
2 United Egg Producers or its members to put together a
3 certified program for their hens?

4 A. Yeah, absolutely not. There's no question in my mind
5 that the program was put together by the UEP. It was brought
6 to Walmart; it was shared with us as a program to improve
7 animal welfare, and we adopted those practices.

8 Q. Do you recall Walmart, while you were in this role,
9 receiving pressure from animal rights groups to sell certified
10 eggs?

11 A. No.

12 Q. Let's talk briefly about how eggs are priced at Walmart.
13 Have you heard of something called the Urner Barry price?

14 A. I have.

15 Q. And can you describe for us lay-folks and to the jury
16 what the Urner Barry price is?

17 A. I'm kind of a lay-folk too. So I'll do my best. Urner
18 Barry is a publication that's put out daily by the Urner Barry
19 publications group, and it's used within the industry to set
20 pricing for eggs at the producer level, processor level,
21 distribution level, and like somebody buying eggs like Walmart
22 for a retail -- retail store. It's used throughout the supply
23 chain, and it would have been part of the basis for how
24 Walmart would have purchased eggs.

25 Q. Is it something like a benchmark price?

1 centers to Sparboe Farms, and that was going to be supplied by
2 two of their five farms.

3 Q. And so Walmart would have a new supplier?

4 A. That's correct.

5 Q. And for the jury's sake, when you refer to distribution
6 centers, can you just explain what those are and generally
7 what the state of distribution centers were at this time at
8 Walmart?

9 A. Yeah, so there were 41 distribution centers in the
10 United States, kind of put it out geographically to get
11 products to our stores. And of those 41 distribution centers,
12 on average, they might serve 150 or 200 stores. And in this
13 case, we awarded five of those distribution centers to Sparboe
14 Farms for them to send eggs into, and for us to distribute
15 those eggs then to our stores.

16 Q. And why did you award the business to Sparboe?

17 A. Yeah, so they had a very good competitive price. We felt
18 comfortable with their food safety and animal welfare programs
19 and felt like in every way they would be a really good
20 supplier to Walmart.

21 Q. And did you have any concerns about having to defend the
22 fact that Walmart was choosing a supplier that did not have a
23 100 percent requirement?

24 A. I did not. Sparboe, at that point in time, had told us
25 that they would be certified on the farms that were going to

1 be supplying to us and that in the near future, they were
2 going to have the other three additional farms that were not
3 going to be shipping to Walmart, that they would have those
4 certified under their PVP program to ensure that they had the
5 cage space density requirements that were in our
6 specifications taken care of.

7 And so they already told me that. So as part of
8 that, I really wasn't worried because the other option to get
9 those other three farms immediately within spec would be to
10 slaughter a whole bunch of hens, right? And I didn't feel
11 like that was the right choice, and I didn't think that other
12 groups were going to come to us and say, Why didn't you force
13 the slaughter of a bunch of birds?

14 Q. Let me make sure that I have my math right. I think you
15 said that Walmart awarded five distribution centers from two
16 Sparboe Farms?

17 A. Right.

18 Q. And then you referred to Sparboe having three other
19 farms; is that right?

20 A. Yes.

21 Q. So it's five total?

22 A. Correct.

23 Q. And I believe what you just said that Sparboe,
24 immediately for the supply to Walmart, was going to comply
25 with these guidelines and then they were going to bring the

1 MS. CRABTREE: Thank you.

2 THE COURT: Mr. Bizar is ready to go. He's now
3 thanked me twice.

4 See you all tomorrow.

5 MR. BIZAR: See you tomorrow.

6 (Court adjourned).
7

8
9 C E R T I F I C A T E

10 I certify that the foregoing is a correct transcript
11 from the record of the proceedings in the above-entitled
12 matter.
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Kathleen Feldman, CSR, CRR, RPR, CM
Official Court Reporter

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18 Date: _____
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